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PRESIDING OFFICER'S
RULING NO. MC96-3/16

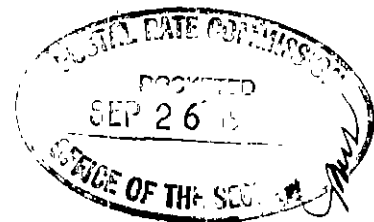
UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Special Services Fees and Classifications

Docket No. MC96-3

PRESIDING OFFICER'S RULING GRANTING
IN PART OCA MOTION TO COMPEL

(September 26, 1996)



The Office of the Consumer Advocate (OCA) filed interrogatories OCA/USPS-48, 53(b) and (c), 54(c) and (e), and 56(c) on August 22, 1996. The Postal Service filed objections to these interrogatories on September 3, 1996.¹ On September 6, 1996, the OCA filed its motion to compel responses.² The Postal Service filed its opposition on September 13, 1996.³ For the most part, these interrogatories seek information on the reliability of the Postal Service's statistical cost estimating systems. The OCA's Motion is granted in part for the reasons described below.

¹ Objection of the United States Postal Service to Office of the Consumer Advocate Interrogatories OCA/USPS-48, 53(b) and (c), 56(c), and Partial Objection to OCA/USPS-54(b) and (e) (Objection).

² Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(b) and (e), and 56(c) (Motion).

³ Opposition of the United States Postal Service to Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(b) and (e), and 56(c) (Opposition).

Interrogatory OCA/USPS-48. Interrogatory OCA/USPS-48 asks the Postal Service to produce certain cost development manuals (Library References SSR-1 and SSR-123, the Summary Descriptions of USPS Development of Costs by Segments and Components for FY 1994 and FY 1995) in electronic format. The OCA asserts that it could compare the electronic versions of the two cost manuals using a computer, and identify changes from 1994 to 1995 faster and more thoroughly than if it were relying on the human eye. It argues that the computer-assisted comparison would help assure that the Postal Service had not overlooked any changes in preparing its testimony or discovery responses. Motion at 2.

The Postal Service contends that filing hardcopy versions of these manuals satisfies the Commission's filing requirements. It emphasizes that these manuals are summary descriptions of the cost analyses that it has done, not computer generated data sets or analyses. Therefore, it argues, the alternative electronic format requested is not "reasonably calculated to lead to the discovery of admissible evidence" beyond that to which the hardcopy format would lead. It also asserts that it does not produce a single, unified electronic version of these manuals for its own purposes, in part, because the electronic file components are difficult to integrate. Objection at 2-3.

The cost development manuals for which the OCA seeks alternative electronic versions are primarily textual descriptions of the Postal Service's cost analyses. It is difficult to see a significant advantage in applying a computerized text-matching program to these manuals compared to simply reading and comparing them in hard copy form. The claim

that there is a significant advantage in having these manuals in an electronic format would be more plausible if the Postal Service had not already identified differences between the cost analyses done for these respective fiscal years its testimony, library references, and in response to various party's discovery. See USPS-T-5 (Patelunas) at 5-11; USPS-LR-SSR-123, Appendix A; and Postal Service responses to APWU-T5-1, OCA-T5-1, OCA-T5-24, UPS-T5-3, OCA-T4-2. Because the value of having electronic versions of these manuals is not clear, and requiring them would impose a significant additional burden on the Postal Service, I will deny the OCA's motion to compel a response to this interrogatory.

Interrogatories OCA/USPS-53(b)(c). OCA/USPS-53 refers to a variance formula at Tr. 1/57 of Docket No. R94-1 which includes as a term actual total cost associated with the Kth craft for a particular stratum (CAG) and postal quarter. Part (b) asks the Postal Service to "provide the values of these costs for each sample office for FY 1995." Part (c) asks the Postal Service to "provide costs analogous to those provided in part (b) of this interrogatory, but estimated using cost weighted IOCS data."

The OCA asserts that it "wishes to compare IOCS estimates with actual costs as a means of evaluating the reliability of the IOCS." Motion at 4. It does not explain in what way the Postal Service is being asked to use weighted IOCS data to yield estimates of the cost by craft for each sample office, nor in what way comparing actual costs with these estimates would reflect on the reliability of the IOCS.

The Postal Service opposes these interrogatories on the ground that "such a broad, general statement concerning why the information is desired does not make the requisite demonstration of relevance to this particular case, nor does it shed any light on how the OCA might use the information to develop testimony under Special Rule 2.E." Opposition at 4. The Postal Service questions whether this approach can generate a meaningful comparison at the facility level. The Postal Service asserts that where less than all offices in a CAG are sampled by IOCS, since total labor costs include costs for the entire CAG, estimated costs for a particular sampled office within that CAG will be greater than the actual costs for that office. Thus, it is not clear there is any value in comparing estimated to actual costs on an office-by-office basis. Opposition at 5. The OCA and the Postal Service also disagree about the harm of associating costs with specific facilities and the means of avoiding such harm.

These pleadings are too general to allow me to make an informed judgment about the value of the cost comparison that the OCA proposes to make. However, if there is a way to produce a meaningful IOCS-based estimate of costs at the facility level the importance of the OCA's stated goal of evaluating the reliability of the IOCS would warrant granting the OCA's Motion. Accordingly, before ruling on the Motion as to these interrogatories, I will allow the OCA to supplement its Motion with a more detailed explanation of how it plans to assess reliability of the IOCS using the requested data. If the OCA provides an explanation that is sufficiently specific, and plausible, I will address the question of the sensitivity of facility-specific total costs, before making a final ruling.

Interrogatories OCA/USPS-54(c) and (e). Part (c) asks the Postal Service to confirm that 68 CAG C or lower offices that were not in the FY 1993 IOCS sample, but advanced to the "certainty strata" (CAGs A or B) by FY 1995, had no chance of selection for the FY 1995 IOCS sample. If the Postal Service does not confirm, it is asked to list each of the 68 offices along with its sample selection probability for the FY 1995 sample. Part (e) asks if there were any offices in the non-certainty strata that had no chance for selection in the FY 1995 sample.

The OCA states that OCA/USPS-54 deals solely with facilities that had no chance of being sampled by the IOCS, and that to evaluate the validity of the sample frame, it is necessary to know the number of facilities that had no chance to be sampled. Motion at 5. The Postal Service provided a partial response to part (c) of this interrogatory, stating that there were only 12 offices that advanced to the certainty strata in FY 1995 that had no chance of selection for the FY 1995 IOCS sample. Its response adds that the labor costs of these facilities "are incorporated in the cost based weighting methodology where costs reflect labor costs for all offices within a CAG stratum." Opposition at 6. The Postal Service argues that this renders a further response to part (c) "moot and clearly not relevant." Ibid. The Postal Service also argues that a further response to part (e) would be moot because "no offices from other CAG strata were designed to be added to the sample" and "the CAG costs include costs for all offices in a CAG." Ibid.

The IOCS sample frame is arguably defective to the extent that there are offices in a given CAG that are outside the sample frame. The fact that the costs associated with offices outside the sample frame are included in the costs distributed by IOCS tallies does not cure the alleged sample frame defects associated with having offices in a CAG that are outside the sample frame. Because the extent to which offices are outside the sample frame affects the adequacy of the sample frame, full answers to these interrogatories are required.

Interrogatory OCA/USPS-56 (c). This interrogatory asks how many of the finance numbers in CAGs A and B that were not in the FY 1995 IOCS sample had no chance of being selected in the FY 1996 IOCS sample. It asks for a list of such finance numbers, the CAG for each, and the reason that it was not in the sample frame. The Postal Service argues that FY 1996 IOCS information was not used to prepare its case, and reiterates its objections to revealing finance numbers. Objection at 4; Opposition at 7-8.

The OCA argues that the FY 1996 IOCS information is needed to determine whether the Postal Service took steps to correct frame defects clearly present in the FY 1995 IOCS sample. Such steps, it argues, would indicate Postal Service recognition of the need to cure them. Motion at 6.

The extent to which the Postal Service identifies and cures sample frame defects arising from changing circumstances over time is very relevant to evaluating the reliability the IOCS. Accordingly, the Postal Service is directed to answer this interrogatory. If it chooses, the Postal Service may use dummy finance numbers in its response.

RULING

1. The Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(c) and (e), and 56(c), filed September 6, 1996, is granted in part, as described in the body of this ruling. Responses are due on October 7, 1996.

2. The Office of the Consumer Advocate is authorized to supplement its motion to compel responses to OCA/USPS-53(b) and (c), as described in the body of this ruling, on or before September 30, 1996.

A handwritten signature in black ink, appearing to read "H. Edward Quick, Jr.", with a stylized flourish at the end.

H. Edward Quick, Jr.
Presiding Officer